



# CALIFORNIA FARM BUREAU FEDERATION

## OFFICE OF THE GENERAL COUNSEL

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March 24, 2010

### VIA EMAIL

Mr. Gregory Collord  
California Air Resources Board  
1001 "I" Street  
P.O. Box 2815  
Sacramento, CA 95812

RE: Comments of the California Farm Bureau Federation on the  
Proposed Renewable Energy Standard Economic Analysis

Dear Mr. Collord:

The California Farm Bureau Federation ("Farm Bureau")<sup>1</sup> appreciates this opportunity to provide comments on the California Air Resources Board's ("CARB's") proposed Renewable Energy Standard ("RES") Economic Analysis. Farm Bureau is concerned because it appears that the Economic Analysis as outlined in the presentations in recent workshops will not examine the effect of potential electricity rate increases on its members.

At the February 2 workshop, CARB indicated that it intends to use the CPUC Energy Division's 33% RPS Calculator to estimate the economic effect of a 33% RES regulation. The presentation also indicated that the economic analysis will address the following topics:

1. Assess impacts on California business creation, expansion, or elimination as a result of the proposed 33% Renewable Electricity Standard by ARB.
2. Assess whether the regulation will create or eliminate jobs.
3. Assess impacts on affected individuals in California.
4. Assess impacts on small businesses.
5. Assess impacts on California business competitiveness with other states.
6. Assess any disproportionate impacts on low-income communities.

*(from February 2 Workshop presentation)*

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<sup>1</sup> The California Farm Bureau Federation is California's largest farm organization with more than 81,000 members in 53 county Farm Bureaus. California farmers and ranchers sell \$24.8 billion in agricultural products annually, accounting for 9 percent of the gross state product, and hundreds of thousands of jobs in California.

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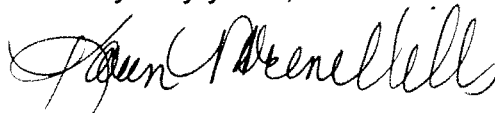
Farm Bureau's discussions with CPUC staff suggest that the rate analysis being developed by the CPUC will address rate impacts to residential and small commercial ratepayers only. Farm Bureau is concerned that there appears to be no plan to investigate the rate impacts on the agricultural sector, for which there are separate and distinct electric rates. We believe that this will make it impossible for the CARB staff to meet its goals. Farmers and ranchers are quite often small businesses, and electricity for pumping water may be a sizeable proportion of their costs. Increased costs could reduce the competitiveness of California agriculture and lead to higher unemployment in the already economically-depressed Central Valley communities that rely on agriculture for jobs, incomes and taxes. Thus inclusion of the effect on agricultural rates will be necessary to develop analyses for all six of the points highlighted above.

Farm Bureau is also concerned that the economic analysis does not seem to include the effects of electricity costs on water supplies. Much of the state's water supplies are pumped, either through the large projects (State Water Project and Central Valley Project) or from groundwater or groundwater storage. A review of the staff presentation does not seem to reflect the inclusion of this factor in the analysis. Without an estimate of the rate increases for the water projects and for local water agencies, it is difficult to see how this effect can be accounted for. Yet it does not appear that the effect on these rates is being addressed. While water prices are an obvious concern for our members, they also impact households and businesses in urban communities. These effects must be taken into account in the analysis, but our review did not identify how this would be done.

Among other things, the Draft Regulatory Language states that the regular reviews should include investigation of the impacts on electric rates, consumers and economic growth (§ 97011, Regulation Review). This language would similarly appear to require analysis of the effects on agriculture of changes in electric rates that could result from the changed RES standards.

Inclusion of an estimate of the effects on electric rates for California farmers and ranchers will not be a significant increase in the work to be delivered by the PUC model, and will significantly improve the ability of the economic analysis to assess the effect of the change in the RES regulation on California's jobs, businesses, and low-income communities. Indeed, it is difficult to see how CARB's goals can be met without consideration of the cost effects on California's agricultural sector. We urge you to modify your analysis plan to include estimates of the rate effects and resulting economic effects on our members, their employees, and their communities. Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Karen Norene Mills", written in a cursive style.

KAREN NORENE MILLS

cc: Wendy Illingworth, Economic Insights